



# Life after Debt

By Gordon Botting, DRPH, CFC.



**The** problem seemed insignificant: just a small leak in an underground city tunnel. The city council employees knew about this minor water leakage, because they had shot pictures of it, completed the necessary forms, filed them with the appropriate departments, and even discussed how they were going to repair the problem. However, what happened next caught them and the entire city of Chicago by surprise. More than 250 million gallons of local river water gushed through the downtown business district resulting in over \$300 million in flood damages.

## Credit Nation

While I'm sure Chicago city engineers have learned a valuable lesson from that wet 1992 disaster, our nation has not acknowledged that it has a problem far worse than a small water leak. A flood of national and private debt is swamping the country. Currently, the United States has rung up a huge mountain of debt totalling more than \$6 trillion—and it borrows more each day just to operate.

This great “piling on” has amounted to more than \$22,000 for every man, woman, and child in America. Our grave national situation has been summed up this way: It is a household of four with an annual income of \$30,000 that's anchored down with a credit card debt of \$100,000. It then borrows another \$10,000 more on a credit line, just to function.

However, that's only part of the story. The average American family is also drowning in debt. As 2002 got under way,

Americans owe a record \$1.5 trillion in installment debt, which includes credit card balances, vehicle loans, etc. Consumer borrowing has risen almost 50 percent in the past five years to a record \$6.3 billion [*U.S. News & World Report*, February 14, 2001]. According to another report, the average household earning \$30,000 has a credit card balance of \$5,700. *Money Magazine* summarized it this way: More than one third of the country owes \$11,000 in vehicle loans, and a fifth have personal loans of more than \$13,000 [July, 1991].

The end result of this spend, spend, spend is that in 2002, nearly one and half million families will go bankrupt.

Simply put: As a people and government, Americans are in very big financial trouble. It would be wonderful to believe that Christians were immune from operating their family budgets in the red. Unfortunately, surveys indicate that Christians are in as much trouble as those who do not profess the faith's principles. In this article, we are going to review three areas that deal with this “debtitis” disease. First, we'll find out how most of us got ourselves into such a financial mess. Second, we'll see what the Scriptures say about debt and its tragic consequences. And finally, we'll take a brief look at a few simple steps that can change our state of continual indebtedness into a lifestyle of financial freedom.

## How Do We Get Into Debt?

### 1. Consumptive lifestyles

Americans are spending at a rate never before seen by previous generations.

There are a variety of reasons for this.

First, just the sheer assortment of items offered in any department store or supermarket makes controlled spending difficult. For example, there are 125 brands of yogurt, 184 kinds of breakfast cereal, and 250 types of toothpaste. Second, how can an individual not spend when the lifestyle philosophy of the current generation has this theme: “We don't believe in delayed gratification.” This theme is cut up into the many different and popular economic slogans of “Just do it,” “Live it up,” and “You owe it to yourself.” It's the fast-food philosophy in a high-speed culture. We want it, and we want it now!

### 2. Ease of credit

The ease at which the average consumer can acquire credit today would astound previous generations. Each year, American families are bombarded by credit card applications—approximately two mail solicitations per week. These companies use diabolically clever marketing tactics to bind their customers into a never-ending chain of debt. Having signed up with a particular credit card company, they are then regularly sent “checks” that they can use from their credit card account. Not only is it easy to borrow money, but many financial institutions offer up to 125 percent of the equity of your home—an unprecedented and unsound business practice!



**An Amazing Fact:** *In 1837, President Andrew Jackson erased all but \$37,513 of Washington's red ink. In his inaugural address, he said, “Under every aspect ... considered it would appear that advantage must result from the observance of a strict and faithful economy. This I shall aim ... [to] facilitate the extinguishment of the national debt, the unnecessary duration of which is incompatible with real independence, and because it will counteract that tendency to public and private profligacy.”*

### 3. Adult toys

Just drive down any street in an average Middle-American neighborhood and you will see, prominently displayed in driveways, a variety of adult toys—goodies ranging from recreational vehicles, speed boats, motor bikes, to jet skis, just to name a few. Often, we swap our vehicles for reasons other than age or high repair bills. We often trade-up simply because we like the sleek lines and the “bells and whistles” of the latest model; the smell of the new upholstery can intoxicate us. Mostly, we just submit to peer pressure: “It is expected by my clients.” Yet boil all these down to their essential nature, and you’ll see that they are nothing more than poor excuses for self-gratification and ego.

### 4. Eating out

One of the biggest and most-wasteful habits of both adults and teenagers is dining out. A recent nationwide survey reported that on an average day, 70 percent of teenage males eat out. In addition, the percentage of household money spent on food for meals consumed away from home averaged 40 percent.

### 5. Unexpected bills

There are three areas in which the majority of families get into financial trouble. These include motor vehicles, medical expenses, and household maintenance. Many times, when a crisis comes to one of these areas, it not only rains—it pours. In just one day, your car battery dies, the washing machine erupts, and one of your youngsters needs to go to the emergency clinic. Already pinched by paying off debts, people slide further into the hole when they use credit to overcome these crises.

### 6. Reduction in salary

A reduction in household income can occur for a variety of reasons, such as the loss in employment by spouse, chronic illness, or a family crisis. Often, it happens unexpectedly such as employment termination due to a corporate takeover or downsizing. When you’re living paycheck to paycheck, the loss of income will debilitate the family unit.

### 7. Lack of household budget

People overspend for a variety of reasons, but the primary reason is that most families don’t establish a strict budget. And if some families have hammered out a household budget, many times they simply don’t stick to it—perhaps falling prey to impulse buying. If you aim at nothing, you will hit it every time!

## The Bible Says No to Debt

In the Scriptures, there are 26 references to debt and unfortunately, they are all decidedly negative. The Scriptures do not teach it is a sin to borrow money, but it does talk about the consequences of doing so. Here are seven biblical principles about indebtedness.

### 1. Debt is a form of bondage.

“The borrower is servant to the lender” (Proverbs 22:7).

During the time of the patriarchs, more often than not, an individual became a slave precisely because he or she was a debtor. Unfortunately, humanity hasn’t learned much, and thus not much has changed, in 4,000 years. Admittedly, we are no longer thrown into physical bondage, but



### An Amazing Fact:

*Many Americans would be uncommonly thrilled if the United States practiced the Jewish Jubilee. Every 50 years, initiated by a blast through a ram’s horn, Jews would forgive each other of financial debts and set their slaves free. The Jubilee was established as a reminder that the Jewish people were set free from their constant mistakes and bad habits. Unfortunately, with the destruction of the temple and the scattering of the Jewish people, the Jubilee is no longer celebrated.*



too often we have become slaves to material possessions through over extension of credit.

You can probably rewrite this text according to your situation and see you’re living in a different kind of financial bondage. Here’s an example: The credit card holder is indebted to a bank—basically, to pay off the debt, he’s working for the bank. The best advice about borrowing to avoid this kind of bank bondage is to always follow these rules: Borrow only on items that appreciate; borrow on the short loan term; borrow on the best interest rate.

### 2. Debt shows lack of contentment.

“For I have learned, in whatsoever state I am, therewith to be content. . . .

And I know how to abound: every where and in all things I am instructed both to be full and to be hungry, both to abound and to suffer need” (Philippians 4:11, 12).

Financial contentment in our modern society is often reflected in the attitudes we have toward debt. It usually takes the form of “keeping up with the Joneses,” desiring what others have (covetousness) or wanting more than we already have (greediness). One of the Ten Commandments deals with covetousness; it’s clear that God not only wanted to protect our hearts, but also our wallets!

### 3. Debt presumes on the future.

“Go to now, ye that say, To day or to morrow we will go into such a city, and continue there a year, and buy and sell, and get gain: Whereas ye know not what shall be on the morrow. For what is your life? It is even a vapour, that appeareth for a little time, and then vanisheth away” (James 4:13–16).

Up until World War II, few Americans carried loans over an extended period. The longest home loans were six years, and car loans were no longer than one year. In 1939, congress enacted a law that allowed the general public to procure home mortgages of 25 years. Today, Americans can now get home loans up





to 40 years! Only the Japanese out-loan the United States, with 90-year mortgages. In addition, we can now procure home equity loans that even exceed our residential value by thousands of dollars. Yet, in all of this, we do not know if we will be able to make the next payment.

**4. Avoid get-rich-quick schemes.**

“A faithful man shall abound with blessings: but he that maketh haste to be rich shall not be innocent” (Proverbs 28:20).

Another modern-day attitude is seeking to make money in a relatively short period of time—commonly called the get-rich-quick schemes. The tragedy with these devious plans is that in most cases, individuals must borrow money to reap the reward of a quick buck. When it fails, as it usually does, they not only lose the money borrowed, but they often have to pay it back at high interest, putting the family under even greater financial strain.

**5. Refuse to be surety for others.**

“A man void of understanding . . . becometh surety in the presence of his friend” (Proverbs 17:18). “He that is surety for a stranger shall smart for it: and he that hateth suretyship is sure” (Proverbs 11:15).

There are two types of surety—or loan—guarantees. With the first, you contract to be responsible for another person’s debt, and you assume full responsibility for the money owed if he or she defaults. Parents often become surety when their adult children don’t have enough to make a deposit for a home purchase. The Bible says this is a mistake. According to the Federal Trade Commission, 75 percent of those who cosigned for loans ended up making the payments.

The other surety loan means signing an unconditional guarantee to pay. Credit cards are a form of this surety. The business sells you the goods, and the credit card company finances the purchase. If you default, returning the products does not cancel the debt because the credit card company has absolutely no interest in your merchandise.

**6. Debt erodes our Christian witness.**

“The wicked borroweth, and payeth not again” (Psalm 37:21).

It is nearly impossible to convince your landlord that Jesus loves him and is the answer to his problems when he is thinking why your Jesus hasn’t convicted you to pay last month’s rent even though you have a new TV and VCR. A century ago, another Christian writer put it this way: “You bring a reproach . . . by locating in a place where you indulge for a time and then are obliged to run in debt for provision for your family.

These are your honest debts you are not always particular to pay, but instead move to another place. This is defrauding your neighbor. The world has a right to expect strict integrity in those who profess to be Bible Christians.”

**7. Debt imperils one’s giving.**

“The righteous sheweth mercy, and giveth” (Psalm 37:21).

Looking at the annual statistics regarding charitable contributions in our society, it should surprise you that the giving pattern between Christians and Non-Christians is approximately the same amount—about 2.5 percent.

Perhaps the biggest reason why the average American Christian does not return the 10 percent that God asks is that he or she is drowning in debt. It is unfortunate that debt makes it nearly impossible for us to enjoy the spiritual and physical blessings the Bible promises when we tithe.



**The A-B-Cs (and D-Es) of Debt Reduction**

*Ask for God’s help...*

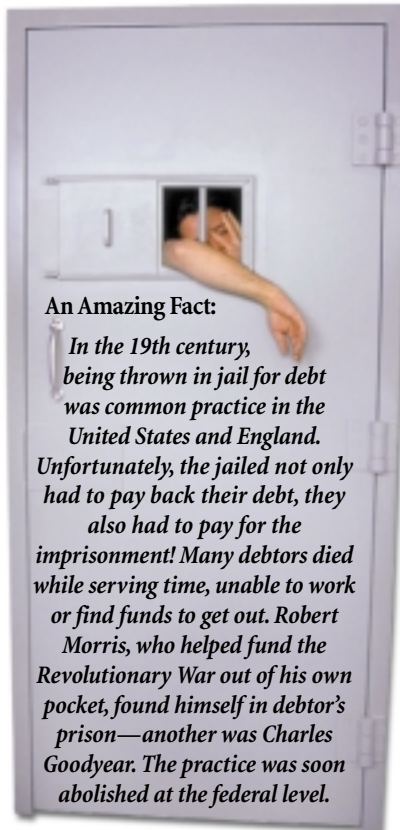
The first step on the road to debt recovery is to ask your heavenly Father to forgive you and grant peace of mind about your debt problems. Second, you need to ask for His wisdom and guidance in understanding how you acquired this debt problem—and how to be released from its clutches. You need to understand that the most difficult thing to do when you’re in over your head in debt is to

admit that you are out of control and that you need to change your attitude about spending.

This is the time to be absolutely honest concerning what caused your debt situation. You cannot change your behavior unless you identify and deal with the root problem. To make debt disappear requires money-management discipline and reordering your lifestyle priorities. You may wish there were an easier way, but there simply isn’t.

*Burn those cards...*

One of the simplest and quickest ways to get out of the debt pit is to stop using those personal loan cards with high-interest rates. Here’s a fun and practical way to burn away unnecessary temptation: Lay all your charge cards on a sheet of aluminum foil. Place them in an oven at 450 degrees for three minutes. Remove the brightly colored mass (without burning yourself or breathing in the fumes, as plastic is toxic) and allow to cool. Shape the mass into the dragon of Revelation 12. Now hang it in a conspicuous place, such as your bathroom, and every time you clean



**An Amazing Fact:**

*In the 19th century, being thrown in jail for debt was common practice in the United States and England.*

*Unfortunately, the jailed not only had to pay back their debt, they also had to pay for the imprisonment!*

*Many debtors died while serving time, unable to work or find funds to get out.*

*Robert Morris, who helped fund the Revolutionary War out of his own pocket, found himself in debtor’s prison—another was Charles Goodyear. The practice was soon abolished at the federal level.*

your teeth or comb your hair, you will be reminded of your decision to quit borrowing.

In fact, make the destruction of your charge and credit cards a family ceremony similar to the public burning of witchcraft and occult scrolls by the early Christians in Ephesus (Acts 19:18–20). This drastic step will be a great beginning in preventing you from burying yourself even deeper in debt—and it will be a great lesson for your children.

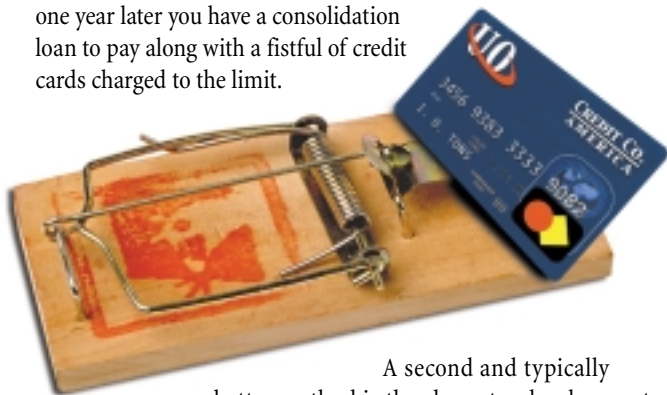
### Calculate your spending...

Financial counselors say one of the most striking facts about debt is that almost all debtors in real financial trouble have no idea how much they owe. Even worse, they have no grasp of the exorbitant interest they're paying.

Take time to sit down and list all the amounts you owe on bank credit cards, department store credit lines, school and vehicle loans, etc. Be absolutely honest in terms of the total amount you and your family owe—and how much interest you are paying per year. These last two totals will probably shock you into becoming debt free.

### Develop a repayment schedule...

An easy method for debt repayment is the debt-consolidation loan. You borrow enough money from one source to pay off all your outstanding debts. However, beware of the high interest often charged by lenders offering these loans. One of the real dangers is that you may not have changed your attitude toward debt—and with the new row of empty credit cards, you may simply find that one year later you have a consolidation loan to pay along with a fistful of credit cards charged to the limit.



A second and typically better method is the character development method. Using this process, you visit or write each of the creditors individually explaining your situation and negotiate a repayment plan to their satisfaction. During this period, you must be totally serious about living only on cash until the total debt is retired.

Resolve to never go shopping without first making a list of the necessities that you *must* purchase. Never buy anything that is not on that list. Impulsive buying is a monster that eats a family out of house and home.

### Express your accountability...

It's so easy to relapse with only a mental commitment. Being accountable to an understanding friend can help a lot. Put your commitment in writing and report monthly by phone to a trusted friend, preferably someone outside your immediate family. It could be as simple as saying to your "commitment" friend as you shake hands with him or her at the church door: "I did it again." That way, only your friend and you will know about this important obligation and change you're trying to make.



### And a Final Thought

Paul Billheimer says, "Someone has described a modern American as a person who drives a bank-financed car over a bond-financed highway on credit card gas to open a charge account at a department store so he can fill his Savings and Loan financed home with installment-purchased furniture." Well, at least for those who realize what they really can afford, there is life after debt.

For help in reducing your debts, contact the national Consumer Credit Counseling Service (CCCS) at 1.800.388.2227 for the nearest office to you.

## Recommended Resources

Amazing Facts has some excellent resources related to this topic.

*You and Your Money* by G. Edward Reid

This booklet offers a biblical look at money management, debt elimination, and budgeting.

Plus 5 audiotapes by Doug Batchelor

Buried Treasure, Secret Sin, and Open Blessings  
Giving Reasons for Giving  
The Love of Money  
The Parable of the Shrewd Steward  
Wasting Nothing Good

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